

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 11, 2009, 2:00 P.M.
Room 30, House Building, State Capitol Complex

Members Present: Sen. Allen M. Christensen, Co Chair
Rep. John Dougall, Co Chair
Sen. Patricia W. Jones
Rep. Kraig Powell
Rep. Rebecca Chavez-Houck
Rep. Keith Grover
Rep. Paul Ray
Rep. David Litvack

Members Excused: Rep. Ben C. Ferry
Sen. Margaret Dayton

Members Absent: Sen. Daniel R. Liljenquist

Staff Present: Russell Frandsen, Fiscal Analyst
Stephen Jardine, Fiscal Analyst
Cami Deavila, Secretary

Public Speakers Present: Michael Hales, Division Director of Medicaid
Duane Betournay, Division Director of Child and Family Services
Dr. Dick Melton, Deputy Director of the Department of Health
Alan Ormsby, Division Director of Services for People with Disabilities

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Sen. Christensen at 2:40 p.m.

1. Welcome and Overview by Sen. Christensen.
2. Budget and Issue Briefs for Department of Human Services.

Legislative Fiscal Analyst, Stephen Jardine, explained the general concepts of the budget and issue briefs for each department.

Dept. of Human Services: The projected Federal Medical Assistance Percentage (FMAP) rate for state FY 2010 is 71.438%, an increase of 0.4975% from the FY 2009 FMAP rate. The recommended FY 2010 base appropriation is \$589,227,600. The Subcommittee should adopt the fee schedule found on page 3 and allow the Department of Human Services to accept federal funds for the respective years.

Executive Director Operations: The Salt Lake Government Office Building is behind schedule. There is a recommendation to reduce the General Fund by \$186,500 one-time for FY 2010 because of this delay in opening the new government building which will house the department's administrative offices. The recommended FY 2010 base appropriation is \$17,703,000. A transfer of

\$68,300 in beginning non-lapsing funds from the DORA pilot program to the Division of Substance Abuse and Mental Health (DSAMH) is needed. There is also a recommendation of transferring funds as a result of closing the Data Processing internal service fund.

Substance Abuse and Mental Health: The recommended FY 2010 base appropriation is \$129,890,100. There is a recommendation to transfer the beginning non-lapsing balance for the Rural Mental Health Scholarship program of \$8,100 from this line item to the Mental Health Therapist line item. There is also a recommendation to restore \$1,589,100 General Fund to this line item and eliminate \$1,589,100 of Liquor Control Fund. This transfer is to correct a reduction taken in the September Special Session that was meant to reduce these funds from the Liquor Control Fund. There is also a recommendation to authorize the transfer of \$50,000 ongoing General Fund to Veteran's Affairs and also approve some intent language.

Mental Health Therapist Grant: The recommended FY 2010 base appropriation is \$28,000. There was a recommendation to correct a budget reduction error by transferring \$28,000 from General Fund in this line item to the Division of Substance Abuse and Mental Health line item.

Services for People with Disabilities: The recommended FY 2010 base appropriation is \$201,812,900. There was also a recommendation to approve intent language.

Office of Recovery Services: The Analyst pointed out the issue of the Office of Recovery Services Information System Document Generation System because it is outdated and repairs/tech support are expensive. The Governor did not recommend this request in his budget, but it is a significant enough issue to at least raise the topic before the Subcommittee. The recommended FY 2010 base appropriation is \$53,489,100. There was also a recommendation to approve intent language.

Child and Family Services: The Analyst described the following department requests: 1) \$4,595,800 in General Fund with \$4,221,400 in federal funds to cover the cost of payments to providers who care for abused and neglected children, 2) \$1,017,400 in General Fund with \$126,600 in federal funds to provide for 18 additional caseworkers to meet the anticipated caseload growth of children and youth in state custody, and 3) \$1,294,700 in General Fund to cover state costs for increasing adoption assistance. The department also requested authorization for an additional \$60,000 from the Domestic Violence General Fund Restricted Account. The recommended FY 2010 base appropriation is \$165,132,700. There was also a recommendation to approve intent language.

Aging and Adult Services: The recommended FY 2010 base appropriation is \$21,171,800.

DHS-Internal Service Funds: The recommended FY 2010 base appropriation is \$1,435,000. There was a recommendation to approve intent language to close the data processing internal service fund and appropriate the remaining funds from the fund to the Executive Director Operations line item.

DHS-Accountability Detail: This issue brief explains key performance measures for each line item in the Department of Human Services. Effective performance indicators focus on the objectives of the agency and evaluate the outcome measures to ensure the goals are being achieved.

DHS-Federal Funds: This issue brief explains the federal assistance applications for fiscal years 2009 and 2010. This is required from the analyst for legislative review and approval to accept federal funds or to not accept federal funds.

DHS-Required Reports: This issue brief contains 4 reports required by statute and 2 required by intent language passed during the 2008 General Session.

3. Budget and Issue Briefs for the Department of Health.

Legislative Fiscal Analyst, Russell Frandsen, explained the Budget and Issues Briefs for each department.

Department of Health: All money from the Rural Health Care Facilities Fund out of the Dept. for Health to match approved Legislation from the General Session in HB 281.

Executive Director's Operations: The recommended FY 2010 base appropriation is \$24,172,300. Recommended approval for the dept. to expend \$16,200 from donations collected in the Cat and Dog Community Spay and Neuter Program Restricted Fund FY2009, allow them spend up to \$30,000 more in FY 2010. Recommended approval for the department to spend \$50,000 in FY 2009 and ongoing in FY 2010 for Traumatic Brain Injury Fund.

Health Systems Improvement: The recommended FY 2010 base appropriation is \$16,236,300. Approval of intent language is needed.

Workforce Financial Assistance: The recommended FY 2010 base appropriation is \$529,900.

Epidemiology and Laboratory Services: The recommended FY 2010 base appropriation is \$20,814,600. The analyst recommends a base reduction of (\$123,300) one-time General Fund to reflect the delay in completing the State Laboratory, and approval of the intent language.

Community and Family Health Services: The recommended FY 2010 base appropriation is \$115,040,700. Approval of intent language is needed.

Health Care Financing: The recommended FY 2010 base appropriation is \$116,509,000. Approval of intent language is needed. Moving \$296,800 General Fund and \$337,900 federal funds from health Care Financing to Medicaid Mandatory Services.

Medicaid Mandatory Services: The recommended FY 2010 base appropriation is \$777,666,000.

Medicaid Optional Services: The recommended FY 2010 base appropriation is \$798,342,300. Approval to transfer \$10,000,000 General Fund from the Medicaid Optional Services line item to the Medicaid Mandatory Services line item for FY 2009 and FY 2010.

Children's Health Insurance Program: The recommended FY 2010 base appropriation is \$78,157,100.

Local Health Departments: The recommended FY 2010 base appropriation is \$2,309,700. A technical error needs correcting by adding \$170,000 one-time General Fund to the Local Health Department line item and taking \$170,000 from the Epidemiology & Laboratory Services line item.

Health Department Fees Issue Brief: There is a recommended 15% increase in fees, estimated at \$1,897,388. The new fees proposed by the Department of Health are estimated to bring in \$666,750 in FY 2010.

Federal Funds Issue Brief: This issue brief explains the federal assistance applications for fiscal years 2009 and 2010. This is required from the analyst for legislative review and approval to accept federal funds and participate or to not accept federal funds. In FY 2009 the department will administer 86 grants worth \$1,303,386,600. In FY 2010, the department will administer 74 grants worth \$1,292,083,400.

Federal Disallowances Issue Brief: When the federal government determines that Medicaid funds have been inappropriately used they take their money back. This has happened 7 times in the past 3 years in the State for a total of \$40,305,200.

Intent Language Follow-up From Prior Year Issue Brief: The objective of this issue brief is to determine if the Dept. of Health complied with the intent language adopted by the Legislature during the 2008 General Session. Mr. Frandsen indicated he had no concerns about the Dept. of Health complying with intent language from the prior year.

Required Reports Issue Brief: Contains required reports, by statute. The Tobacco Prevention and Control in Utah stated, "Since 2001 the percentage of children exposed to secondhand smoke in their homes declined by 70%. Smoking among adults has decreased by 17% since 1999. Smoking among teens has decreased by 34% since 1999. In FY 2008 the Kurt Oscarson Children's Organ Transplant Fund collected \$89,324 from tax returns and \$42,827 was used to help 20 families with the cost of organ donation. The Organ Donation Contribution Fund received \$114,743 from voluntary donations through motor vehicle license registrations, \$86,000 were used to promote organ donation. The Children's Health Insurance Program reports 84.0% of parents surveyed 'Always' or 'Usually' got timely care and 89.3% of CHIP enrollees had a visit with a primary care practitioner in 2006.

Department of Health Audit: The audit is for the year ended June 30, 2007. It is for information only and the analyst recommended all read it.

Mr. Frandsen explained that the last three documents in the Department of Health packets are summaries of the bills passed out of the Health and Humans Services and status of the bills passed out of session.

5. Building Block Requests, Including Mandatory Increases

Mr. Ormsby explained that the division has a building block request of \$500,000 to cover mandatory increases. It is critically important. As people become more medically complex their needs increase, due to age and deteriorating health. The cost of serving them increases and Medicaid requires they meet that need. Failing to do so would jeopardize the waiver and \$100,000,000 in federal funding would be at risk. Attrition, this year would not be enough to cover that increased cost. The \$500,000 will draw down another \$1.2 million in additional funds.

Sen. Jones asked if they do not get the funding what would happen.

Mr. Ormsby replied that the people who's needs are not being met would have to have services cut or look to Medicaid for a waiver amendment to eliminate services.

Sen Jones asked if the \$500,000 was just enough to meet the government needs.

Mr. Ormsbsy replied it is the very minimum amount of money they can ask for.

Sen. Jones asked if Mr. Ormsby has seen an increase in people requiring more services.

Mr. Ormsby stated as people age their needs become more medically complex which increases the mandatory need quite a bit year after year.

Sen. Jones asked if there were any way to prevent so we aren't seeing the greater need.

Mr. Ormsby replied not with this group of people, but we do try to provide preventative health with all the people we serve.

Mr. Betournay stated the numbers are going to seem extremely challenging with the current budget challenges. They are requesting \$4,595,800 in General Fund for out of home treatment, which is for children in foster care or higher levels of care. This has been funded with one-time money the last 2 years. This is a little bit of catch up and an estimate of what it will cost in additional costs for next year. It is one-time funding being replaced with on-going funding. They also need \$1,017,400 in General Fund to hire 18 additional case workers to help with the growth in case load due to the population growth. They are also requesting \$1,394,700 in General Fund to help with the growth of adoption subsidies.

Mr. Hales stated they are experiencing a case load increase in Medicaid enrollees and need an additional \$11,372,000 in General Fund to get through the current Fiscal Year. Through January, they are currently over budget \$500,000 and we still have 5 months to go. The Governor wants it to come out of the Medicaid restricted account with one-time money to make up for the short fall for the current fiscal year.

Sen. Christensen asked if we have that money in the Medicaid restricted account.

Mr. Hales replied yes, to cover the shortfall but there are other requests, which will put them over and they were not expecting \$4,000,000 this committee recommended be taken out, so there will need to be some reconciliation. Mr. Hales stated that there is an adjustment that needs to be made by transferring \$10,000,000 from the Medicaid Optional Services to the Medicaid Mandatory Services. The next request is for provider inflation. To comply with Federal mandates, providers need to be compensated for their inflationary costs. The Governor is recommending increases for pharmaceutical product cost, cost settlements for community health centers and rural health clinics, and increases in Medicare fees required to be paid by the Medicaid program. They are requesting \$7,736,400 in General Fund money. To continue the adult dental benefit an additional \$2,000,000 in General Fund money is needed. The benefit is currently funded through one-time money from the Medicaid restricted account, through the end of June. The Governor is recommending that money in on-going General Fund money. Based on the estimated growth for Medicaid caseload the Governor has requested an additional \$14,600,000 in General Fund for the FY 2010.

Rep. Litvak asked if the last item is the projection for 2010.

Mr. Hales replied that the projections are higher but not knowing where they will end up and with the shortage of money they took the one-time money request for the 2009 budget and have that be the base budget for 2010 and come back for supplements in the 2010 legislative session.

Rep. Litvak asked what the impact is of going even lower on the projection of growth, are there any federal restrictions on how to project that growth.

Mr. Hales replied there weren't any requirement on what the budget is, they can go over budget, the federal government doesn't care. We are just making sure we cover the expenses we have, it is up to the discretion of the state how we pay for it.

Sen. Christensen asked how the federal stimulus package will effect them if it goes through.

Mr. Hales said it is estimated an additional \$50,000,000 for FY 2009 to the Department of Health's aspect of the Medicaid program and \$22,000,000 to other state agencies with other Medicaid funded programs.

Sen. Christensen asked if that was matched funds but additional money, more favorable match rate.

Mr. Hales replied it will improve the match rate by 4.9% and we will be able to substitute state dollars with the new federal dollars. The details are in the booklet handed out last week.

Dr. Melton stated the medical examiners office had an audit, it found the medical examiner has a staff of 4 but needs a staff of 6. Every year the number of deaths the medical examiner examiners increases and are in need of 6 medical examiners. The salary we are paying for medical examiners is too low and makes it hard to recruit. We are asking for a continuation of \$190,000 one-time money be made on-going.

Rep. Dougall reminded the committee that Thursday's meeting will be the last meeting. They will have final discussion on the FY 2010 budget. A base budget has already been adopted for 2010 before the session started, but there will be further discussion and modifications on FY 2010 before sending the recommendation to Executive Appropriations. Executive Appropriations is looking for 15% reduction and rank priority add back. Depending on what happens with the revenue forecast that helps adjust our cut list. Revenue numbers will be in on Tuesday. If the numbers look better than we anticipate, we are looking 12-13% cuts instead of 15%. If the numbers are worse than we anticipate additional cuts are needed and we will have to come back and make them. Thursday's meeting will have a lot of discussion and motions on the FY 2010 base budget.

Rep. Litvak asked if the target number was \$102,000,000 for the 15% reduction.

Rep. Dougall confirmed that for the 2009 and 2010 in aggregate.

Rep. Litvak stated that in other subcommittees, in their 2009 prioritization, there were funds internal to appropriations subcommittees that were used as a part of the recommendations made to Executive Appropriations. Have the chairs received any direction from the chairs of the Executive Appropriations on as to those types of recommendations?

Rep. Dougall replied it is to minimize what we do there, it is not prohibited, but to minimize how we use those extra funds. Between now and this time tomorrow we may receive more information. We refer to those as rainy day funds.

Rep. Litvak made a request to have, on one page, the building blocks by department and a break down of the rainy day funds in Health and Human Services and internal funds

Sen. Christensen thought the analysts would be able to handle that.

MOTION: Rep. Ray moved to adjourn.

Committee Co-Chair Christensen adjourned the meeting at 3:30 p.m.

Minutes recorded by Cami Deavila, Secretary

Sen. Allen Christensen, Committee Co-Chair

Rep. John Dougall, Committee Co-Chair